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THE SECRETARY OF DEFENSE
WASHINGTON

JUL 6 1961

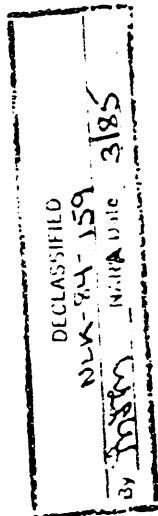
MEMORANDUM FOR THE PRESIDENT

Subject: The Establishment of a Defense Intelligence Agency
(DLA)

On 18 January 1961, following action by the National Security Council, President Eisenhower approved most of the recommendations of a special committee, under the Chairmanship of Mr. Lyman B. Kirkpatrick, on Foreign Intelligence Activities of the United States Government. One of the principal recommendations was that the Secretary of Defense should take appropriate action "to bring the military intelligence organization within the Department of Defense into full consonance with the concept of the Defense Reorganization Act of 1958." The Kirkpatrick recommendations are generally supported by the findings of other studies which have been made within DoD over the last few years looking toward improvement in DoD intelligence activities.

On the basis of previous studies and extensive investigation of the various DoD intelligence organizations, it was found there is considerable overlap and duplication in the DoD intelligence effort, and, as a result, a maldistribution of critical intelligence resources. Over-all direction and management of DoD's total intelligence effort becomes a very difficult if not impossible task. Indeed, the fragmentation of effort creates "barriers" to the free and complete interchange of intelligence information among the several components of the Department of Defense.

This problem apparently is greatly accentuated by the critical interrelationship of intelligence estimates and the determination of military requirements. Today, the military departments develop separate intelligence estimates which exert a



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substantial influence on the identification and justification of their own force requirements. This process may well mean that the estimates and requirements statements of the separate Services do not provide the optimum basis for developing the total military posture of the United States.

The principal objectives sought were to eliminate these deficiencies and to strengthen the capacity of the Department of Defense to carry out its principal intelligence mission -- the collection and production of military intelligence. Upon careful evaluation, the organizational solution which seemed to offer the most promise for achieving these objectives and for implementing the many Kirkpatrick Committee recommendations applicable to the Department of Defense is the creation of a Defense Intelligence Agency.

This solution should also facilitate DoD's support of the entire national intelligence community. In particular, the DIA should provide improved intelligence support to the Joint Chiefs of Staff and the unified combatant commanders. Moreover, this solution is consonant with the expressed intent of the Congress in adopting the McCormack Amendment to the 1958 Defense Reorganization Act. More effective management and allocation of critical DoD intelligence resources should be obtained with considerable savings in personnel, publications, and facilities.

The concept and plan of the DIA has been developed on the basis of recommendations submitted by the Joint Chiefs of Staff and endorsed by the Secretaries of the military departments. The DIA will be responsible for the operation of a large part of the intelligence resources now assigned to the separate Services and the Joint Staff. It will also review and coordinate the intelligence functions retained by the military departments. DIA will assume the vital task of supplying military intelligence to the major components of the Department of Defense, the United States Intelligence Board, and other organizations in the national intelligence community. It will not, however, interfere with conduct of the intelligence activities in the unified and specified combatant commands which will remain under the operational control of their respective commanders. It is contemplated that under the general supervision of

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DIA, some major intelligence activities; such as, personnel, plant, and installations security, and intelligence training will be retained by the military departments.

Nothing in DIA's charter or terms of reference affects any of the functions of the National Security Agency (NSA).

Five alternative locations for DIA were considered:

- (1) Under the Joint Staff;
- (2) Under one of the military departments;
- (3) Directly under the Chairman, JCS;
- (4) In the Office of the Secretary of Defense, and
- (5) Under the JCS.

After consideration of the possible advantages and disadvantages of each of the first three alternatives, none appeared to offer a viable solution. The final choice lay between (4) and (5). Alternative (4) would establish a large operating organization in a staff office of the Secretary of Defense and would increase the number of offices which report directly to the Secretary. Moreover, the DoD intelligence function is inextricably linked to the strategic planning functions of the JCS and to the combatant responsibilities of the unified commanders. On balance, I have concluded that the best solution is to place DIA under the Joint Chiefs of Staff.

On 30 June 1961, at the request of Dr. Killian, a formal briefing on DIA was given to the Foreign Intelligence Activities Board. Yesterday, Dr. Killian stated that he and other members of the Board were favorably impressed with the proposed plan and recommended its early adoption.

Philip S. Hammond

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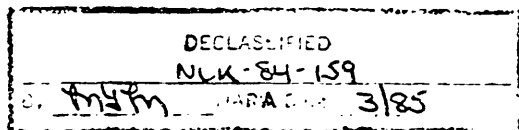
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Attachment II

Financial Summary

	<u>Increase in Strength</u>	<u>Increase in FY 62 NOA (in millions)</u>
<u>Army</u>		
Personnel and O&M	285,000	1618
Procurement		<u>552</u>
Total		2170
 <u>Navy and Marine Corps</u>		
Personnel and O&M	131,000	619
Procurement		<u>800</u>
Total		1419
 <u>Air Force</u>		
Personnel and O&M	63,327	329
Procurement		<u>425</u>
Total		754
 <u>TOTAL</u>		
Personnel and O&M		2566
Procurement		<u>1777</u>
Total	<u>479,327</u>	4343



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